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**Necessity of ending the economic, commercial and financial embargo imposed by the United States of America against Cuba**

## Letter dated 15 August 2005 from the Permanent Representative of Cuba to the United Nations addressed to the Secretary-General

I have the honour to attach Cuba's report on General Assembly resolution 59/11, entitled "Necessity of ending the economic, commercial and financial embargo imposed by the United States of America against Cuba" (see annex).

I should be grateful if you would circulate this report as a document of the General Assembly under item 20 of the provisional agenda of the sixtieth regular session of the General Assembly.

(*Signed*) Orlando **Requeijo Gual**
Ambassador
Permanent Representative

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**Annex to the letter dated 15 August 2005 from the Permanent Representative of Cuba to the United Nations addressed to the Secretary-General**

# Report of Cuba on United Nations General Assembly resolution 59/11: "Necessity of ending the economic, commercial and financial embargo imposed by the United States of America against Cuba"

Havana, 12 August 2005

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## INTRODUCTION

The economic, commercial and financial embargo imposed by the United States of America against Cuba is the longest and cruellest known to the history of mankind, and forms an essential part of its policy of hostility and aggression towards the Cuban people. Its objective, defined as far back as 6 April 1960, has been the destruction of the Cuban Revolution "through disenchantment and disaffection based on economic dissatisfaction and hardship (...) denying money and supplies to Cuba, to decrease monetary and real wages, to bring about hunger, desperation and overthrow of government".[1]

Further, it constitutes an essential component of the policy of State terrorism against Cuba which, silently, systematically, cumulatively, inhumanly and pitilessly, affects the population without distinction as to age, sex, race, religion or social position.

This policy, applied and exacerbated by 10 United States administrations, also fits the definition of an act of genocide under the provisions of subparagraph (c) of article II of the Geneva Convention for the Prevention and Punishment of the Crime of Genocide of 9 December 1948, and therefore constitutes a breach of international law. This Convention defines genocide as "(...) acts committed with intent to destroy, in whole or in part, a national, ethnic, racial or religious group", and in such cases includes "deliberately inflicting on the group conditions of life calculated to bring about its physical destruction in whole or in part".

The embargo against Cuba is an act of economic war. There is absolutely no rule of international law that justifies a blockade in peacetime. Since the 1909 Naval Conference of London, it has been a defined principle of international law that "a blockade is an act of war" and its use is accordingly restricted to the belligerents.

Although the total embargo on trade between the United States and Cuba was formally decreed by means of an Executive Order of President John F. Kennedy on 3 February 1962, the embargo actions actually started a few weeks after the triumph of the Cuban Revolution on 1 January 1959.

On 12 February 1959, the Government of the United States of America rejected a request from Cuba for a modest loan to maintain the stability of the domestic currency. Other steps were subsequently taken, such as the restriction of oil shipments to Cuba by United States transnationals, the paralysing of industrial plants, the prohibition of exports to Cuba and the partial and later total elimination of the sugar quota.

Under this embargo, among other restrictions, Cuba may not export any product to the United States, nor may it import any goods from it; it may not receive United States tourists; it may not use the dollar in its external transactions; it may not have access to loans, nor may it conduct any operations with multilateral, regional or United States financial institutions; and its vessels and aircraft may not make any stopovers in United States territory.

The embargo has a marked extraterritorial component. In 1992, with a view to intensifying the effects of Cuba's loss of 85 per cent of its foreign trade after the

[1] Secret report by State Department official I. D. Mallory, declassified in 1991. See Department of State: Foreign Relations of the United States, vol. VI, 1991, p. 886.

European socialist bloc and the Soviet Union fell apart, the United States passed the Torricelli Act. This Act abruptly halted Cuban imports from United States subsidiaries in third countries, totalling US$ 718 million in 1991; 91 per cent of these imports were food and medicine from third countries. The Torricelli Act placed tight restrictions on ships sailing to and from Cuba, thus making its serious extraterritorial provisions formal. Any vessel from a third country that calls at a Cuban port may not enter a United States port until six months have passed and a new permit has been issued.

The 1996 Helms-Burton Act exacerbated the effects of the embargo; it increased the number and scope of the provisions with an extraterritorial impact, instituted the prosecution and punishment of current and potential foreign investors in Cuba and authorized funding for hostile, subversive and aggressive acts against the Cuban people.

Under legislation adopted in 2000 by the United States Congress, as a result of pressure from the agricultural sector and the general public, in late 2001 Cuba began to buy food from the United States, amounting to a total of US$ 474.1 million by 2004. Nevertheless, Cuban imports are subject to severe restrictions and complicated procedures. Cuba has to pay cash in advance — with no chance of obtaining financial credit, not even private loans. The sale and transport of merchandise requires that a permit must be obtained for each operation. Cuba cannot use its merchant fleet for transporting these goods; it has to use ships from third countries, mostly from the United States. Payments are made through banks in third countries, since direct banking relations are forbidden.

The restrictions on importing medical goods are so extensive that they are unfeasible. They include the United States exporter having to verify the use of the product or the equipment when it reaches its final destination and a ban on the sale to Cuba of goods and equipment involving advanced technology.

More than 70 per cent of Cubans were born and have lived under the embargo because of their sovereign decision to defend their right to self-determination and never to yield in their determination to achieve independence, social justice and equity.

According to preliminary, conservative estimates, the total direct economic damage to the Cuban people caused by the embargo amounts to over US$ 82 billion, an average of US$ 1,782,000,000 annually. This figure does not include the more than US$ 54 billion of direct damage to the country's economic and social objectives that has resulted from sabotage and terrorist acts encouraged, organized and financed from the United States, nor does it include the value of the goods not made or the damage stemming from the burdensome credit conditions imposed on Cuba. This past year the damage has exceeded US$ 2,764,000,000.

The General Assembly's demand that this embargo policy be ended, contained in 13 of its resolutions adopted with the virtually unanimous support of the States Members of the United Nations, has been defied by United States authorities, thus confirming their total contempt for the United Nations, for multilateralism and for international law.

On 30 June 2004 the measures included in the report from the self-proclaimed "Commission for Assistance to a Free Cuba", to which George W. Bush had given his approval on 6 May of that year, came into force. Its 450 pages contain proposals

for new actions and measures intended to intensify the blockade by stepping up actions aimed at discouraging tourism and investment in Cuba, restricting financial flows and visits to the island and placing even more restrictions on family remittances and exchanges in various spheres, the aim being to bring about conditions which would allow the United States to intervene in Cuba, thus permitting it to impose the "regime change" to which the United States President made reference on 20 May 2004.

The period covered by this report — the second half of 2004 and the first half of 2005 — has witnessed the implementation of those measures, once again proving the United States administration's criminal intentions against the Cuban people.

**Steps taken by the United States of America to intensify the embargo**

- On 8 July 2004, in compliance with President George W. Bush's Proclamation 7757, the United States Coast Guard Service issued new regulations placing restrictions on pleasure craft leaving United States ports with the intention of entering Cuban waters. The regulations provide for fines of US$ 25,000 or five years in prison, or both. In addition, those who violate this provision can have their boats seized.

- In the second quarter of 2004, the United States Government, together with the Congressmen of the Miami anti-Cuban mob, launched a campaign of speculation and false rumours about the origin and destination of Cuban dollar funds, using pressure and threats to intimidate any bank that might have financial relations with Cuba. In connection with that campaign, in May 2004 the United States Federal Reserve imposed a fine of US$ 200 million on the Swiss Bank UBS AG for allegedly violating United States sanctions against Cuba, Libya, Iran and Yugoslavia. The purpose was to prevent the deposit, currency exchange or transfer through third-country banks of the dollars that Cuba legitimately obtains from tourism, remittances and sales in commercial — centres, and thereby block Cuban imports — basically food, medicine and fuel — and bring about economic collapse and extremely critical social conditions.

- On 27 August 2004, President George W. Bush, in a campaign speech in Miami, reaffirmed the necessity of maintaining the embargo in order to overthrow the Cuban Revolution, indicating that "the embargo is a necessary part of that strategy".

- On 30 September 2004, the United States Department of the Treasury announced that, following the recent changes to the Regulation for Control of Cuban Assets, 31, CFR part 515 (the Regulations), United States citizens or permanent residents may not legally buy products of Cuban origin, including tobacco and alcohol, in a third country, not even for their personal use abroad. The penalty for violating these Regulations can be a fine of as high as one million dollars for corporations and US$ 250,000 and up to 10 years in jail for individuals. Civil penalties of up to US$ 65 million may be imposed by the Office of Foreign Assets Control (OFAC) of the United States Department of the Treasury.

- On 9 October 2004, the Deputy Assistant Secretary of State for Western Hemisphere Affairs in the State Department, Dan W. Fisk, in an aggressive

move unprecedented in the history of international financial relations, announced the establishment of a "Cuban Assets Targeting Group" to investigate and put a stop to the new ways in which foreign currency was being moved into and out of Cuba; in particular, he mentioned tourism, "which has replaced sugar exports as the main source of hard currency".

- In the second half of 2004, OFAC declared the Melfi Marine Corporation S.A. and Tour Marketing Ltd. to be "specially designated nationals", and SERCUBA to be a "Cuban national"; this resulted in the immediate application of embargo measures to these companies.

- In January 2005, it became evident that, according to the OFAC interpretation of the regulations on travel to Cuba, United States citizens are not permitted to take part in meetings in Cuba that are sponsored or organized by United Nations agencies unless they first obtain a permit to do so.

- On 22 February 2005, OFAC reinterpreted the concept of "payment in cash and in advance" for sales of United States agricultural and medical products to Cuba, stipulating that this meant that payment must be made before the merchandise is loaded in a United States port for shipment to Cuba. This measure, an additional obstacle to the limited imports of food, came into effect on 24 March 2005. The insecurity of supplies caused by this new interpretation forced Cuba to resort, in the first four months of the year, to alternative third-country suppliers from which to buy US$ 300 million worth of food and agricultural products that it had originally planned to import from the United States. Transactions fell by 26 per cent between January and April 2005 as compared with the same period in 2004, according to statistics provided by the United States Department of Agriculture. This contraction includes a drop of 52 per cent in rice imports.[2]

- On 24 February 2005, a court of appeals revoked the 29 March 2004 decision of a New York judge who had ruled that the United States, in order to comply with international treaties, was obliged to recognize the rights of Cubatabaco — a Cuban company — over the Cohíba trademark in United States territory under the doctrine of famous trademarks. The new ruling is contrary to international regulations on trademark protection.

- On 13 April 2005, the Third Circuit Court of Appeals reinstated the conviction of Stefan Brodie, a United States citizen and former president of The Purolite Company, who had been tried in 2002 for conspiring to violate the United States embargo on Cuba. Brodie had been acquitted by the trial judge, who held that there was no direct evidence of his participation in sales to Cuba of ion exchange resins for water purification.

- On 29 April 2005, President George W. Bush ordered the Department of the Treasury to hand over US$ 198,000 of frozen Cuban assets to Cuban-born resident Ana Margarita Martínez, in compliance with an arbitrary decision against Cuba issued by a Florida state court in 2001, which authorized a payment of US$ 27.1 million in damages.

[2] Inter Press Service (IPS) dispatch, published by *La Tribuna Hispana* (United States of America) on 28 June 2005.

- In April, the new top executives of Sherritt, a Canadian company, and their families were denied entry into the United States under Title IV of the Helms-Burton Act.

**Pressure, threats and sanctions against individuals, institutions and non-governmental organizations**

- On 6 July 2004, OFAC warned those taking part in the caravan of the United States organization Pastors for Peace that anyone who travels to Cuba without the appropriate permit from the Department of the Treasury will be subject to the penalties set forth in the regulations. Pastors for Peace is an ecumenical project of the Interreligious Foundation for Community Organization, which delivered humanitarian aid to the Cuban people from 1992 to 2004 in the form of used computers, medicines, food, toys and books, among other things, without a permit from the United States Department of the Treasury.
- On 9 November 2004, the Xael Charters company received a visit from OFAC officials requesting information on Cuban operations, in connection with the intensification of measures of persecution.
- On 12 November 2004, the president of the Cuban-American Alliance Education Fund (CAAEF) received a letter from OFAC asking for a list of all the people and institutions that had made use of their travel permit in the last five years.
- On 13 November 2004, the Venceremos Brigade issued a note of protest saying that it had received a letter from OFAC asking for information about organized trips to Cuba.
- On 23 November 2004, the Corcoran Art Gallery of Washington, D.C., under pressure from OFAC and the Department of State, cancelled a cultural evening sponsored by the Cuban Interests Section.
- On 30 March 2005, OFAC sent a letter to the United States-Cuba Labor Exchange urging it to "cease and desist" from promoting and organizing a trip to Cuba by a delegation planning to attend the Fourth Hemispheric Meeting of Struggle against the Free Trade Association of the Americas (FTAA) and take part in the May Day celebrations. OFAC also demanded that it should submit a detailed list, within 20 working days, containing personal information about the members of the aforementioned delegation.
- In April 2004, invitations were sent to Mr. Christopher Schenk, a United States citizen and geologist at the United States Geological Survey, seconded to the Department of the Interior, and Richard T. Buffler, a United States geophysicist from the University of Austin, Texas, to attend a conference on earth sciences.

Mr. Buffler replied immediately, saying that, although he was interested in the convention, he could not attend because of previous commitments. As for Mr. Schenk — who gave a presentation at the International Conference and Exhibition of the American Association of Petroleum Geologists (AAPG) held in Cancún in October 2004, assessing potential petroleum reserves in the deep waters to the north of Cuba — it became known through an e-mail from Mr. Buffler that "(...) when the United States Government found out that he had made an assessment of Cuban waters, they humiliated him and told him that he must have no contact

with Cuba, and they threatened to fine him if he did (...)". The United States experts apologized for being unable to attend the event.

- In April 2005, OFAC sent a circular letter to organizations that have permits for trips to Cuba for religious reasons informing them that they are being investigated for alleged "abuses of religious permits", which could lead to the suspension or revocation of their permits and administrative fines or penalties. The letter made a point of telling them that only members of the organization in question who are involved in religious activities could travel to Cuba, that religious permits did not allow the transfer of funds to Cuban citizens or entities and that donations to individuals or groups in Cuba required authorization from the Department of Commerce.

- In 2004, OFAC imposed fines on 316 United States citizens and residents for violation of several of the embargo's provisions. In the first four months of 2005, 307 fines had already been imposed, or nearly half the number as in the previous year as a whole. As part of the increased persecution of travel to Cuba, a change has been made in the previous policy, whereby the notification of the violation and the application of penalties to individuals were sometimes delayed for years.

- Although the new restrictions on travel did not enter into force until the second half of 2004, trips by Americans to Cuba decreased by 40.5 per cent compared to 2003: in 2004, only 51,027 persons travelled to Cuba as compared with 85,809 the previous year. Trips by Cubans residing in the United States suffered a 50.3 per cent drop in the same period: 57,145 persons travelled to Cuba in 2004, as compared with 115,050 in 2003.

**Growing opposition to the embargo within the United States**

The United States Government continues to ignore the public's opposition to the embargo within its own territory, as voiced in many speeches and actions in Congress and in state government bodies and by politicians and intellectuals, non-governmental organizations and the business sector. Some of the most important of these as follows:

- In 2004, the House of Representatives adopted four amendments in favour of revoking the regulations on the sending of parcels to Cuba, eliminating restrictions on family visits by Cuban emigrants to Cuba, suspending the measures blocking United States students from studying in Cuba and rescinding restrictions on exports of food and medicine, including restrictions on access to private loans. As a result of pressures from Republican leaders and the threat of a veto by the President, however, all these amendments were struck from the final text of the bills in which they were included.

- In 2005, even though amendments were presented to the House of Representatives, aimed at eliminating restrictions on academic exchanges, family visits, religious trips, and the sending of packages to Cuba, they were defeated as a result of pressure from the Administration and Republican leaders, and financial contributions made by the Cuban American far right to the political campaigns of a considerable number of representatives on the condition that they opposed any relaxation of the embargo against Cuba.

– Even though a majority of Senate members supports the elimination of restrictions on travel to Cuba by United States citizens and Cubans resident in the United States, Senators who support the anti-Cuban policies of the current Administration used procedural manoeuvres to block the progress of initiatives aimed at promoting changes in that policy.

The annual convention of the American Farm Bureau Federation, held from 9 to 12 February 2005, adopted a resolution calling on the administration of President George W. Bush to normalize trade relations with Cuba immediately.

On 10 February 2005 the Alabama State Senate approved Joint Rule SRJ.26 which "demands that the United States Congress eliminate commercial, financial and travel restrictions on Cuba".

On 3 March 2005 the representatives of United States ports on the Gulf of Mexico adopted a resolution expressing their support for the lifting of the embargo on sales of medicines and foodstuffs to Cuba. They also asked Congress to restore the previous conditions governing cash and advance payments before the relevant new measures of the Office of Foreign Assets Control (OFAC) were published.

On 16 March 2005 the USA Rice Federation called on Congress to reverse the regulation on payment for purchases of foodstuffs by Cuba and to allow existing contracts to be fulfilled, in compliance with the Trade Sanctions Reform and Export Enhancement Act (TSRA) of 2000.

On 26 April 2005 the establishment of the USA-Cuba Trade Association was officially announced, comprising more than 30 companies, state agencies and organizations from 19 different States. The association's purpose is to work for the elimination of the restrictions on trade with Cuba, and its members include such major corporations as ADM, Caterpillar and Cargill. Its board of directors includes a number of former Secretaries of Commerce and Secretaries of Defence, one former Trade Representative and a former Director of the Central Intelligence Agency (CIA), as well as eminent personalities such as David Rockefeller.

On 8 June 2005 the New York State Assembly adopted, without a vote, a legislative resolution submitted by a large group of members, calling on the United States President to promote exchange visits between the residents of New York and Cuba. The draft resolution had been submitted by a large group of assembly members at the initiative of José Rivera and others.

## 1. EXTRATERRITORIAL ASPECTS OF THE EMBARGO POLICY

The falsity of the United States Government's cynical insistence on presenting its embargo policy against Cuba as an exclusively bilateral matter has been clearly demonstrated by its impact on numerous States, and citizens and companies from third countries, resulting from the extraterritorial provisions of the embargo, which not even international organizations of the United Nations system have been able to avoid.

It is worth recalling some of the extraterritorial provisions of the embargo, which are still in force and continue to cause considerable damage on Cuba as well as third countries, which are prevented from taking full advantage of the opportunities offered by the Cuban economy. Such provisions include:

- Subsidiaries of United States companies based in third countries are prohibited from carrying out any type of transactions with Cuban companies or from acquiring goods made with any products of Cuban origin;
- Third-country companies are prohibited from exporting any products containing any Cuban raw materials to the United States;
- Third-country companies are prohibited from selling to Cuba goods or services in which United States technology is used or which require United States products exceeding 10 per cent of their value, even where their owners are third-country nationals;
- Vessels that have carried goods to or from Cuba are prohibited from entering United States ports;
- Third-country banks are prohibited from opening accounts in United States dollars for Cuban natural or legal persons or from carrying out any financial transactions in that currency with Cuban entities or persons, and if they do so, such accounts will be confiscated;
- Third-country businessmen are, under penalty of sanctions, prohibited from making investments or doing business with Cuba ostensibly because such transactions involve property claimed by the United States of America. Businessmen who do not comply with this prohibition will be subjected to penalties and reprisals.

### 1.1 Increased impact of the embargo through the growing United States involvement in the international economy

The damage caused by the extraterritorial nature of the embargo is exacerbated by the scale of participation of the United States and its companies in international trade and investments. The United States controls 45 per cent of the principal multinational corporations around the globe, including eight of the ten largest. It is also the world's leading source of investment. The amount of $125 billion invested abroad in 2002 increased to $152 billion in 2003. The proportion of United States participation in foreign direct investment worldwide grew from 19 per cent to 25 per cent in this period.[3] The United States is the leading importer of goods worldwide (21.9 per cent) and is the world leader in trade in services.

In the area of technology, the United States is one of the five leading countries with regard to the development and application of information and communication technologies and is the global leader with regard to business potential. Furthermore, it owns 11 of the 14 largest multinational corporations in this sector and absorbs about 80 per cent of the worldwide trade in electronics.[4]

Twenty of the 50 largest pharmaceutical companies in the world are from the United States. Only 10 multinational companies, five of which are United States-owned, account for nearly half of global drug sales; in some instances, United States companies are the sole manufacturers of certain drugs. The United States accounts for about 75 per cent of the world market in recombinant products, the majority of

[3] Report on world investments 2004. United Nations Conference on Trade and Development (UNCTAD).

[4] Global Information Technology Report 2004-2005, World Economic Forum.

which are biopharmaceuticals, and generates 31 per cent of the value of world drug production, a share that is growing.[5]

Both the investments of third-country companies in the United States, and of United States companies abroad, basically in the form of mergers and total or partial acquisitions, exacerbate the extraterritorial effects of the embargo by reducing Cuba's external economic space and making it more difficult, and at times impossible, to find partners and suppliers to circumvent the ironclad United States embargo.

A number of examples are described below:

- A large proportion of the technology, equipment and inputs of the research centres on biotechnology, which develop and manufacture therapeutic products, such as vaccines against cancer, came from the Swedish company Pharmacia, which was bought by Amersham, in turn acquired by the United States company General Electric. The latter, once in possession of Amersham, gave it just one week to close its office in Cuba and suspend all its contacts with the country.

- Through the Global Fund to Fight AIDS, Tuberculosis and Malaria, implemented by UNDP, tinned meat worth $50,400 was obtained for AIDS patients from the Brazilian company Oro Rojo. Subsequently, the company announced that the factory had been acquired by a United States company and that one of the first instructions received was to cancel its business with Cuba.

Given the scale of the United States market and the country's technological advancement, many companies from various parts of the world refrain from doing business with Cuba or break off their relations with it, even when they have no United States shareholders and no holdings in the United States and they do not have a significant presence in its market, in order not to jeopardize any future connections with a source of capital in the super-Power:

- The First Caribbean International Bank located in the Bahamas, sent a letter to the company Havanatur, informing it that as from 7 February 2005 it was terminating their banking relationship, because "it did not want problems with the Americans".

- The British bank Barclays recently informed the executives of Cubaniquel in London that they were weighing up the possibility of not doing business with the company, because the bank manager was American by origin and the laws of the United States Government applied not only to companies, but also to individuals.

### 1.2 Civil penalties imposed by OFAC against companies, banking institutions and non-governmental organizations

In 2004, a total of 77 companies, banking institutions and NGOs from various parts of the world were fined for actions considered to be in violation of the embargo. The fines assessed just for violating the embargo against Cuba amounted to $1,262,000.

[5] World Medicines Situation. WHO, 2004.

Of the entities fined, 11 were foreign companies or subsidiaries of United States firms located in third countries, such as Anguilla (British West Indies), the Bahamas, Canada, Italy, Mexico, Panama, the United Kingdom and Uruguay. Seven others, including Iberia, Alitalia, Air Jamaica, Daewoo and the Bank of China, were fined because of allegations that their subsidiaries in the United States had violated certain provisions of the embargo against Cuba. Eight of them paid fines exceeding $50,000.

In 2004, some of the largest fines were paid by the companies listed below:

- Alpha Pharmaceutical, Inc.; ICN Farmacéutica S.A. de C.V.; Laboratorios Grossman, S.A., located in Panama and Mexico City — $198,711 for importing and exporting goods to and from Cuba between 1998 and 2003;
- Trinity Industries de México, S.A. de C.V., located in Mexico City — $55,000, for selling and financing the shipment of goods intended for Cuba in 2001;
- Chiron Corporation Ltd., on behalf of Chiron S.p.A. and Chiron Behring GmbH, located in Emerville, California, United States of America — $168,500 for exporting vaccines to Cuba during the period 1999-2002;
- Daewoo Heavy Industries America Corp., based in Suwanee, Georgia, United States of America — $55,000 for exporting goods intended for Cuba in 1999.

In the first four months of 2005, five entities — one bank, three companies and one NGO — were fined by OFAC. They included Martinair Holland N.V., doing business as Martinair USA, headquartered in the Netherlands, which was fined $6,300 for providing travel services without a permit and for transferring funds, in 2003.

The decrease in the number of fines imposed by OFAC on institutions in the first quarter of 2005 compared to the 45 imposed during the same period in 2004 is not the result of a loosening of the embargo but of terrorism and its adverse impact on business with Cuba.

### 1.3 How the extraterritorial nature of the embargo affects foreign trade and investments

It is estimated that, in 2004, the impact of the embargo on Cuba's foreign trade was $822.6 million, which was $57.2 million higher than the total for the preceding year.

The most significant effects identified arise out of the application of extraterritorial regulations, calculated at $380 million, although the impossibility of having access to the United States market continues to have considerable impact, as is shown in the following diagram.

**Diagram I — see original**

(1) Costs due to the embargo's restrictions on Cuba's foreign trade (2003-2004)

(2) No access to the United States market

(3) Country risk

(4) Application of extraterritorial regulations

**Diagram II**

(1) Effects of the embargo's extraterritorial regulations on Cuba's foreign trade (2003-2004)

(2) In millions of dollars

The impossibility of gaining access to what is potentially a natural market for Cuba — with an impact estimated at $305.2 million — has made it necessary to shift imports and exports to other countries, with attendant increases in insurance premiums and freight charges.

Even the limited purchases of food and medicines from the United States have had an economic impact of $23.7 million, the result of the restrictions under which such sales were carried out. This impact comprises excess currency exchange costs arising from the necessity of carrying out transactions performed through intermediary banks, delays in the unloading of the ships owing to tardy collection of payments and freight charges since the vessels have to return to the United States in ballast.

Cuban exports of information material, which may be made to the United States on an exceptional basis, have to be done through third countries, which increases the cost by 40 per cent. For this reason, some United States entities have ceased acquiring Cuban publications, resulting in a loss of income to the country.

From a financial point of view, the embargo played no small part in Cuba being designated as high-risk country, with the adverse economic impact being evaluated at $72.2 million, as a result of the difficulty in gaining access to external financing.

**Impact on the growth of foreign investment and economic cooperation**

Cuba is unable to receive investment from the United States or development credits from the principal United States and international financial and monetary institutions.

In 2004, the World Bank allocated $5.3 billion to Latin America and the Caribbean, and the Inter-American Development Bank (IDB) disbursed $4,232 million for development programmes in the region. Not one penny of this money went to Cuba. If we take the case of IDB and use an economy similar to the Cuban economy in terms of Gross Domestic Product and population — such as Ecuador — as a reference point, then Cuba could have had access to approximately $48.8 million in financing, were it not for the embargo.

In 2003, the United States granted $1,818 million in official development assistance (ODA) to Latin America and the Caribbean. Cuba received none of this money.

The United States Government fraudulently manipulates information about the resources Cuba receives from the United States, suggesting that these amount to more than one billion dollars annually in donations authorized by the Department of the Treasury and the Department of Commerce. In 2004, Cuba only received, after intense efforts, US$ 4,368,279 in United States Government-authorized donations from NGOs.

The effects of the embargo relating to investment and cooperative ventures have been substantial. Examples are given below.

- VECO Canada Ltd., which is partially American-owned, was prevented from participating with CUPET S.A. in projects to develop infrastructure and technological capacity for fuel distribution and storage in Cuba. After starting negotiations and making progress on various proposals, the Canadian firm was obliged to withdraw from the project.

- A European firm was contracted to supply electronic irrigation equipment worth 5,830,000 euros under an OPEC loan. Since the patent for the technology of the Valmont irrigation system is American, the machines had to be produced in a third country in order to avoid the manufacturer being sanctioned or fined. As a result, the machines were not ready for the 2004 winter sowing season — their arrival was planned for September — and the last ones arrived in February 2005, which caused a considerable delay in agricultural production.

- In the first quarter of 2005, Cuba was to have received, through international cooperation, a grant of three electric power plants valued at over $30 million each, aimed at alleviating the country's energy problems. However, these badly needed plants could not be delivered because Cuba was unable to secure authorization for their shipment, as they had United States components and servicing was not included.

- Threatened with closure and prohibited from doing business in the United States, three companies operating in the duty-free zone had to change their names. Other suppliers of United States manufactured spare parts and equipment had to import the goods from a third country, with a resulting increase in costs. There was also the case of a company located in the Berroa duty-free zone to the east of Havana, which had to change its legal representative, since the then representative had a Cuban work permit and made business trips to the United States.

For obvious reasons, names and other particulars have been omitted in several cases, lest the individuals concerned be harassed by the United States Government.

### 1.4 Section 211 of the 1999 United States Omnibus Consolidated and Emergency Supplemental Appropriations Act and further trademark-related violations

For the seventh consecutive year, Cuba denounces at the United Nations the United States Government's use of Section 211 of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, under which Cuban owners and their successors, including foreign companies with interests in Cuba, are denied the recognition and enjoyment, on United States territory, of their rights to trademarks or trade names that are registered and protected in Cuba and tied to former properties nationalized by the Cuban Government.

It is worthwhile recalling that this measure was approved by the United States Congress in October 1998 under a procedure that lacked transparency and was intended to benefit the Bacardi company, which, although based outside the United States, has major commercial interests there, through which it exercises considerable political influence to maintain and strengthen the embargo imposed on Cuba.

Nor is it by chance that Section 211 extends, into the realm of intellectual property, the provisions of the Helms-Burton Act, which — as is well known — was also promoted by Bacardi, among others.

The application of Section 211 thus has very negative implications, not just within the context of bilateral relations between Cuba and the United States, but also in the multilateral context.

In the bilateral sphere, it reinforces the economic, commercial and financial embargo imposed on Cuba, in that it seeks to prevent foreign investment in the island deriving from the international marketing of Cuban products whose trademarks and trade names have won international prestige. Until Section 211 was approved, the intellectual property rights of owners, both natural and juridical persons, in both countries continued to be recognized on a mutual basis, despite the embargo.

The application of Section 211 by a New York court prevented a finding in favour of a company with Cuban and French interests (Havana Club Holding) in a lawsuit brought in 1996 — in other words, prior to the approval of Section 211 — in response to the unauthorized assumption by Bacardi of the right to use the Havana Club trademark in the United States by fraudulently marketing in that country a rum produced outside Cuba.

In fulfilment of its international obligations and despite the policy of the embargo and hostility pursued by the United States Government, Cuba has honoured and continues to protect the rights of hundreds of American companies that maintain up-to-date registrations of more than 5,000 trademarks, trade names and patents in Cuba.

In January 2002 the Appellate Body of the World Trade Organization (WTO) decided, at the request of the European Union, that Section 211 was contrary to the national treatment and most-favoured-nation obligations of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), and recommended that the United States bring the legislation concerned into conformity with those obligations, within a reasonable period of time.

The United States Government is obliged to comply with this decision, and has agreed to a series of postponements of implementation with the European Union. The most recently agreed deadline, which expired on 30 June 2005, was granted on the pretext that the United States authorities were working with Congress to amend its legislation.

Cuba has repeatedly expressed to the relevant WTO bodies, in particular the periodic meetings of its Dispute Settlement Body, its concern about the successive deadline extensions granted, urging the United States Government to abide by the decision of the Appellate Body and repeal Section 211 as the only possible solution to the dispute.

The continued implementation of Section 211, which infringes the intellectual property rights protected by specific international conventions and agreements, shows a clear double standard by the United States Government concerning respect for intellectual property rights and also calls into question any moral basis for leadership which that Government claims to have in relation to this issue within WTO.

The repeated postponement by the United States Government of its compliance with the decision of the competent WTO body irrefutably corroborates its lack of political will to help ensure the effectiveness of that organization's procedures for the settlement of disputes, at a particularly difficult period in multilateral negotiations.

Bill S.691, introduced on 4 April 2005 by Senator Pete Domenici (Republican, New Mexico) and co-sponsored by anti-Cuban senators, such as Mel Martinez (Republican, Florida), seeks to disguise Section 211 in cosmetic changes, creating the false impression that the necessary amendments have been made to comply with the recommendations of the WTO Appellate Body and, thereby, be able to keep it in force. This bill has a corresponding version in the House of Representatives (Bill HR-1689), introduced on 19 April 2005 by Representative Tom Feeney (Republican, Florida) and co-sponsored by House members opposed to the lifting of the embargo against Cuba, such as Ileana Ros-Lehtinen and Dan Burton.

In January 2004, the United States Patent and Trademark Office (USPTO) denied Bacardi's request to cancel the registration of the Havana Club brand name that had been granted to the Cuban company Cubaexport in 1976, confirmed by the partial ruling of the New York court in 1998. This ruling has been appealed by Bacardi in the courts, clearly demonstrating its interest in expropriating the brand name and ensuring that Section 211 prevails.

The Court of Appeals for the Second Circuit of New York recently confirmed, in an unprecedented step, its decision not to recognize the legitimate trademark rights of the Cuban tobacco company Cubatabaco, the owner of the prestigious Cohiba trademark for Cuban cigars.

This decision, in addition to continuing the policies of the United States Government, endeavours to ignore the international obligations of the United States in the area of trade and trademark protection. According to the reasoning of this Court of Appeals, in the case of Cuba, the illegitimate and unilateral rules regulating the hostile policy of an economic, commercial and financial embargo against the island, which have been systematically rejected by virtually all the international community, take precedence over the international obligations of the United States.

Cuba warns the international community that the maintenance of Section 211 by the United States and the development of other actions intended to usurp on its territory Cuban trademarks which are widely recognized internationally and protected by international conventions and treaties could give rise to a climate of uncertainty and the questioning of these rights, with real consequences not only for Cuba but also for the economic and commercial interests of companies within the United States itself.

### 1.5 Examples of the impact of the extraterritorial application of the embargo

The ferocious persecution waged against any foreign company or commercial or banking institution that establishes or intends to establish economic, commercial or financial relations with Cuban institutions has continued to have a negative impact on this period and has been felt in all aspects of the country's life. The following are only some examples:

**Food**

- In August 2004, an order was placed with the Brazilian company Mebrafe for equipment to upgrade the entire refrigeration system of the Unión Láctea, as part of a social programme for providing soy yoghurt to Cuban children between 7 and 13 years of age. The equipment ordered included 14 Danish Sabroe refrigeration compressors, valued at $339,389. This price is 40 per cent higher than the one that could have been obtained in the United States market. Sabroe of Denmark was acquired by the United States company York and, as a consequence, York's distributor in Brazil, indicated that it had been informed by its United States parent company that the sale of compressors to Cuba was prohibited.

- In March 2005, the representative in Canada of the United States company International Flavors and Fragrances informed the Canadian company Reuven International that it had decided to no longer sell it fragrances for the manufacture of ready-to-serve meals intended for the Canadian-Cuban joint venture company Coracan S.A. That decision has affected the production of ready-to-serve refreshments in Cuba since May 2005. This operation was being carried out with the Canadian company Reuven International, given the impossibility of direct trade, which had already increased the transaction cost by 8 per cent.

During 2004 and up until the present day, the Government of the United States has continued to prohibit the European laboratory Intervet Holland from selling Cuba vaccines designed to prevent avian diseases, stating that at least 10 per cent of the antigens they contain are produced in the United States. This prohibition includes Marek's vaccine, specifically designed for a type of avian disease, and a quadruple vaccine against other diseases such as Gumboro, Newcastle, bronchitis and reovirus. Cuba has to purchase these vaccines from third countries at different prices which, compared with the prices that the country used to pay Winco, have increased from $7 to $9.50 per unit for Marek's vaccine and from $68 to $150 per unit for quadruple vaccine. Harming the poultry population on the island is an attempt to reduce an important source of protein in the diet of the Cuban people.

- This year, Cuba is manufacturing or importing 3 million pressure cookers and the same number of electric rice cookers for distribution to every nuclear family at subsidized prices, with the aim of improving the living conditions of the population. In the case of the pressure cookers, the following attempts to obtain from three Mexican companies the raw materials needed to make some of the components, or the finished product as a whole, have failed:

(1) In March 2005, an order was placed with the firm Vafe S.A. de C.V. for phenol, which is used to manufacture the handles of the cookers. This firm, after advancing the offer, was obliged to halt it, since the material was of United States origin.

(2) It was then decided to change the technology and use polypropylene instead. An order was placed with the firm Indelpro S.A. to supply this material. A competitively priced proposal was received (1,200 dollars per tonne), but the supplier cancelled it upon learning that the destination was Cuba.

(3) Contracts were then signed for the purchase of 185,000 units made by EKCO. This money was transferred via Motoinsa to the Mexican bank Banamex,

which is a subsidiary of American Citibank. The transaction was thwarted as a result of pressure from the United States authorities.

**Health**

- With regard to the treatment of cancer, it was not possible to acquire spare parts or radiation sources for two automatic afterloading machines for the treatment of gynaecological tumours (brachytherapy equipment), purchased from the Canadian firm MSD Nordion, since that company had sold the brand for this equipment to the United States firm Varian. As a result, 120 patients were unable to receive the best treatment option until these machines were replaced by others, from Europe.

- Radiometer, a Danish manufacturer of blood gas analysers (used in intensive care units), whose direct links with the importing company MediCuba go back more than 35 years, was forced in 2004 to close its branch office in Havana after being acquired by the United States company Danaher. This has increased costs to the Cuban health service by an estimated $200,000 per year.

- In October 2004, "Hemanos Ameijeiras" Hospital made a request to representatives of the Japanese company Hitachi High-Technologies Corporation for the purchase of a new electron microscope to replace one dating back 20 years and still in use at the institution's anatomical pathology laboratory. Executives from Hitachi confirmed that they could not cooperate with Cuba because it was their company's policy to comply with the embargo imposed by the United States against the country. Trade in one electron microscope, at a cost of $400,000, was not sufficiently attractive for the company to attempt to change its trade policy. The impossibility of offering after-sales service was cited as being the crucial problem. Although Cuban engineers could be trained at the factory, they argued that the acquisition of export trade licences via the United States Chamber of Commerce was complicated and could be expensive.

**Education**

- The biology faculty of the University of Havana was prevented from obtaining from the companies Sigma and Clontec a set of reagents for extracting DNA and RNA from biological samples, which are of use in studies with applications in biotechnology. Although the financing for the acquisition originated in a Swedish-funded project, the supplier refused to make the sale on the grounds of the embargo.

- Recently, the Institute of Pharmacy and Food Science, the Chemistry Faculty and the Biology Faculty of the University of Havana were unable to acquire spectrophotometers, or spare parts for them, for use in laboratory experiments. The Institute had purchased equipment valued at $13,000 each from the European firm LKB Pharmacia. However, once the firm had been purchased by the United States, one of its subsidiaries in Spain refused to supply the spare parts. When the equipment's halogen lamps, worth $12 per unit, had been used up, a professor tried to obtain new lamps from the company in Spain, but this was refused once it was discovered that she was of Cuban nationality.

- Between February and April of 2005, Cuba was refused connection to the supercomputer of Minas Gerais University in Brazil on the grounds that those countries under United States embargo were explicitly excluded from contracting such a service. The denial of access to supercomputers at certain Latin American universities limits cooperative work with other international academic groups and advanced research in areas such as computing, nanotechnology, the neurosciences and meteorology. For example, the computational chemistry group at the University of Havana's Chemistry Faculty, which has been denied access to the supercomputer and to specialized software, is limited in the scope of its scientific results and also in its exchanges with other advanced research groups around the world.

**Tourism**

- At the beginning of July 2004, the Canadian firm VIP International Corporation, representing the Gran Caribe hotel group within Global Distribution Systems (for hotel reservations and other services), announced that it would be ceasing its operations at the end of the month because the reservations were being made through companies based on United States territory and the Government of that country had ordered that those operations could not continue to be processed. The potential loss in reservations has been calculated at $300,000.

- On 2 December 2004, the major hotel and travel consortium Cendant Corporation, headquartered in the United States, acquired the company e-bookers, one of the largest online reservation companies in the United Kingdom, which had been handling reservations for the Gran Caribe hotel group. With effect from 1 January 2005 it ceased to provide this service, as a consequence of the provisions of the embargo.

- An American company bought up another two online distribution providers in the United Kingdom, Octopus and Travelbag, limiting the available alternatives even further for reservations of Cuban tourist services.

**Finances**

- The Canadian company Paymentech Canada, following instructions from its parent company in the United States, Paymentech L.P., unexpectedly and unilaterally decided to discontinue processing Visa credit card payment services for the Canadian companies Hola Sun Holidays Limited and Canada Inc. (Caribe Sol) under the provisions of the embargo against Cuba. The companies affected, which facilitate Canadian tourism to Cuba, have had to hire lawyers to recover their funds held by Paymentech Canada and to obtain compensation for the damages caused by this decision which, among other difficulties, has forced both to re-route their entire payment system for the thousands of clients who purchase the tourist packages they offer. It was also necessary to exclude the Visa card as a means of payment, without there being another available processing centre. Lawyers' expenses and legal fees have already exceeded 100,000 Canadian dollars (US$ 80,400) and legal proceedings for damages and violation of Canadian laws are still in their initial phase.

- On 6 April 2005, Seisa received a communication from Sabadell Atlántico Bank of Spain, informing it that the bank transfer issued by the latter on behalf of Seisa on 10 November 2004 to pay commercial transactions to one of its providers, Sur Continente, a Chilean national entity operating in the Bilbao Vizcaya Bank (BBVA)[6] of Santiago de Chile, had been frozen. The transfer, which was blocked by the United States Department of the Treasury, amounted to $32,918.

- On 4 March 2005, October Holdings S.A. instructed Coop Bank of Geneva, Switzerland, to withdraw from the account of Galax Inc. at the National Bank of Canada the equivalent of US$ 400,000 in Canadian dollars. Owing to a mistake by Coop Bank, this payment was made in United States dollars to the Bank of New York. As a consequence, these funds were blocked on 10 March 2005.

**Transport**

- Navigación Caribe has had its earnings affected by the reduction in its port operations and in the provision of its water services to foreign vessels (mainly cruise ships), incurring a loss of $1.13 million. The company also had to make additional outlays to purchase spare parts and materials for the repair and maintenance of the ships in third markets, since it was prohibited from purchasing them in the United States. This has increased freight and intermediary costs by about $63.8 million.

- Recently, information was sought from the Zim foreign shipping line on the costs of marine carriage between Havana and Chile. The response was that it was impossible to provide us with information, nor would the line be able to carry out the transport owing to the Torricelli Act, since its ships often entered United States ports. We were forced to accept a higher price from a different foreign line. From Zim, 40-foot containers cost $2,700 per container, whereas we had to pay the other company $4,500 per container.

- The embargo has caused losses over the last year to Cuban fishery companies amounting to $3,593,400, of which $615,000 was for freight charges. With those resources we could have purchased 5,246 tonnes of fish to feed our people.

- In December 2004, Transcargo-Panalpina, an international freight forwarder which maintains correspondent relations with Transcargo in order to transport 1,800 vehicles from Asia to Cuba, was forced to carry out a trans-shipment in a third country. This increased the cost of the operation by $360,000 and was due to the need to avoid possible interference in the transaction, including the potential seizure of the cargo by the United States federal or regional authorities under the United States extraterritorial regulations imposed on Cuba.

[6] Banco Bilbao Vizcaya.

**Aeronautics**

- Cuba's Civil Aeronautics Institute was prevented from leasing an American PW 127 engine, which immobilized a European-built ATR aircraft for 17 days, resulting in economic damage of $126,000.

- In September 2004, the Swedish airline Novair, which had entered into a lease contract with the airline Cubana de Aviación for an Airbus 330 in February 2003, notified Cubana that its maintenance company, SR Technics, had said that it would have a problem in continuing to provide services to Havana, since it was in violation of their regulations of the United States Department of Commerce. On 30 April 2005 the lease of the A330 was terminated, and Cubana had to lease a different and more costly aircraft in order to be able to fulfil its commitments to the users, at an additional cost of over $2 million.

- In November 2004 the United States company ARINC notified the Canadian airline Air Transat that it could not continue providing a check-in service to Cubana airline at Montreal Airport using ARINC's iMUSE system as this constituted an indirect benefit for Cuba and the Government of the United States had an "embargo" against the island. ARINC made clear that any "improper use" in the future would result in termination of the service with Air Transat itself. Finally, on 19 March 2005, ARINC unilaterally suspended the access of Canadian companies Handlex and Aéroports de Montréal (ADM) to services contracted for Cubana de Aviación. As a result of this, travellers have to endure delays in the manual check-in (namely, in the processing of boarding passes, the labelling of luggage, etc.) and the image of Cubana de Aviación and its commercial competitiveness are being damaged. The company is also having to take exceptional measures to ensure flight safety. ARINC is the sole provider of these services to Dorval Airport in Montreal and, consequently, the extraterritorial application of United States legislation is being coupled with abuse resulting from monopolistic control over supply in the service.

**Oil**

- In the final four-month period of 2004, the company Integrated Exploration Systems (IES), domiciled in Germany, requested a two-hour period in the context of the First Convention on Earth Sciences to demonstrate its technology in software related to 2D and 3D Petroleum Systems Models. Cuba is interested in acquiring these computer applications since the cost of similar models in other countries far exceeds the offer from IES. The increasing development of offshore oil exploration makes it necessary to work throughout the year with petroleum systems models based on the use of an increasing number of seismic lines. The availability of these state-of-the-art technological tools in the country would be economically advantageous and provide more reliable exploration information.

  Finally, a notification of refusal to sell the software was received, stating that while IES is not the property of United States citizens and its operations are carried out in Germany, a part of IES is based in the United States and therefore the firm cannot have any relationship whatsoever with Cuban companies. In addition, IES also cancelled its participation in the Convention on Earth Sciences held in April 2005.

- There are 40 platforms and vessels around the world that could have submitted a tender for the drilling of the deep-water (1,600-meter) oil exploration well off Cuban coasts. Only three companies were willing to work in Cuba's exclusive economic zone. The equipment of United States manufacture which was part of the platform hired had to be replaced as its use was not authorized, causing delays and increasing costs.

**Other sectors**

- Sports such as shooting have been seriously affected by the prohibition on the purchase of tools and instruments from third countries that have trade relations with the United States. Examples of this include:

– The obstacles preventing Cuba's skeet team from purchasing Beretta rifles made in Italy;

– The impossibility of purchasing high-quality Eley bullets from England: the ammunition needed to obtain highly effective results.

- The acquisition of spare parts for the equipment used by Cuba's Antidoping Laboratory has also been cut off, which has meant that on occasion the equipment has been deactivated, resulting in damage totalling $397,000. Some of the items required are made in Europe, as is the case for the AS2000 auto-injector, made in Italy. Since these are parts of an isotope ratio mass spectrometer of United States manufacture, they cannot be obtained by Cuba.

- In March of this year, SEISA, a company which markets integrated security systems, received a communication from one of its regular suppliers — Kidde de México S.A. de C.V., which supplies it with dry chemical powder.[7] In the communication, Kidde informed SEISA that it would no longer be supplying the said powder, as the Kidde plc group, to which Kidde de México belongs, had been bought by a United States company and received instructions to cease operating with a number of countries, including Cuba. As a result of this, two deliveries from last year's annual contract were cancelled. The decision to suspend supplies of this product meant that Cuba paid an additional 15 cents per kilogram on the 150 tonnes imported each year, representing an additional cost of $22,500.

- In late 2004, the Mexican company CCL Container S.A. de C.V. de México, from which Cuba had ordered lithographed aluminium tubes for packaging cigars, was bought by a United States company. Following this, the company's foreign branch increased its prices to uncompetitive levels, toughened financial conditions for negotiation, failed to honour a signed contract for 1.1 million tubes and, lastly, announced its decision to break off relations with its Cuban counterpart. The company ECIMETAL had to redistribute the 4 million tubes it had ordered from this company among other suppliers, thereby losing a market that is near Cuba and had the potential to step up supplies. As a result of this situation, the Cuban company paid an extra $43,200.

[7] This raw material is used to fill the extinguishers produced by SEISA, in cooperation with Empresa Conformadora de Matanzas (CONFORMAT).

- In response to Cuba's need to import a herbicide known as Plateau, which has yielded extraordinary results in sugar cane plantations in Brazil, the Cuban company QUIMIMPORT attempted to purchase this product from the German company BASF, which had registered the product in Cuba. However, even though the product had been patented by a German company that is a leader in the global agrochemical sector, Cuba was unable to purchase the product owing to the fact that its active ingredient is synthesized in Puerto Rico, a country denied the right to self-determination, and controlled like a colonial possession, by the United States.

- In mid-2004, Cuba decided to purchase four of the latest Flygt submersible pumps produced by the Swedish company ITT Flygt, a subsidiary of the United States multinational ITT. The installation of the said pumps would have substantially improved the supply of drinking water to some 250,000 people, covering 95 per cent of Arroyo Naranjo municipality, 20 per cent of Boyeros municipality and some zones of 10 de Octubre municipality, all of which are in Ciudad de La Habana province. After the necessary commercial contracts had been drawn up, ITT refused to allow its products to be sold to Acueducto Sur.

- On 28 December 2004, the company Maquimport requested a quote for 47 products from the United States subsidiary Rockwell Automation Power Systems, based in Canada. The products in question were intended primarily to meet the demand for spare parts at Holguín's aluminium container production plant (ENVAL). On 6 January 2005, the imports and exports manager of this subsidiary responded to Maquimport's request for a quote in an e-mail stating that, as is well known, the United States maintains an embargo on the shipment of products or technology from the United States to Cuba, from anywhere in the world. As the products referred to in the request for a quote were made in the United States and/or contained United States technology, they were obliged to turn down the Cuban company's request.

## 2. ECONOMIC AND SOCIAL IMPACT

### 2.1 Summary of the effects of the embargo on some of the sectors experiencing the greatest social impact

The embargo has caused enormous suffering for the Cuban people. Highly sensitive sectors on which the well-being of any nation depends, such as food, health, education, transport and housing, have been among the principal targets of this genocidal policy.

**Food**

In its obvious attempt to bring the Cuban people to its knees through hunger, from July 2004 to April 2005 the embargo cost the food industry an estimated $55,863,957, an amount that would be sufficient to guarantee the technological upgrading of approximately one third of the industry.

In 2004 alone, the direct cost of the embargo to Cuba's poultry industry exceeded $16.1 million, restricting a source of protein for the population and preventing the industry from making an increase in production equivalent to $30 million, by means of which an additional 750 million eggs could have been produced.

The lack of access to advanced technologies for the production of poultry meat, which are primarily American, paralysed the production of poultry meat during the year, necessitating the relocation of more than 4,000 workers in the sector to other jobs and slashing the industry's production by over $5 million in meat, the equivalent of 8,800 tonnes of poultry meat.

The Enterprise for Miscellaneous Crops of the Ministry of Agriculture has estimated at more than $1 million the additional freight costs for importing seed potatoes and vegetables from third countries. This amount represents 50 per cent of the cost of the seed vegetables imported each year.

The fact that the Cuba Ron S.A. corporation cannot sell Havana Club rum on the United States market and instead markets it in third countries in less favourable conditions owing to their distance from Cuba and the nature of their markets caused it to lose $28.4 million over the year.

**Health**

In the health sector, the impact of the embargo has been calculated at $75.7 million during the period covered by the present report. This figure does not include the incalculable harm that shortages of medicines, equipments and consumables in all the facilities belonging to the national healthcare network have brought to the Cuban people.

As reported in the past,[8] programmes designated as advanced-technology programmes, such as those involving transplants, cardiovascular surgery, nephrology and genetics, continue to be affected by supply instability. Many of their components are made in the United States and the authorities of that country either refuse to grant Cuba the permits needed to acquire them or simply delay the necessary procedures indefinitely.

The embargo has affected the programme for treating children needing a liver transplant. One example is the lack of a response from Abbott Laboratories concerning Cuba's request for acquisition of the metering equipment for the immunosuppressant Tracolimus (FK506), which is produced solely by this United States laboratory, and which is essential for monitoring blood levels, variations in which can cause complications from infections and secondary tumours.

Sales of cholesterol-reducing products in the United States totalled $18 billion in 2004. If the policosanol made in Cuba had been introduced into the United States and accounted for only 1 per cent of the sales, Cuba would have received an income of $180 million from it in 2004.

Other examples of the impact of the embargo on this sector include:

- Cuba is unable to access dialysis technologies and accessories (artificial kidney machines and their components) on the United States market, even though — because of its proximity, level of technological development and competitive prices — this would be the logical and natural channel. This affects the country's nephrology services, whose haemodialysis programme treats 1,839 patients, including 30 children.

[8] Report of the Secretary-General of the United Nations in 2004 (A/59/302 (Part II)).

- Cuba had to acquire diagnostic kits for the medical entomology laboratories on foreign markets, for example in Asia. The country would have saved 30 per cent of the cost — $52,116 — if it had bought them on the United States market.

- The embargo has also affected vector vigilance and control activities. The country pays 30 per cent more than what it would if it could import the necessary products and equipment directly from the United States, as it pays more for shipping and intermediaries.

- In the course of 2004, $1,518,905 was spent on the purchase of insecticides. If they had been bought in the United States, the shipping costs would have been approximately 20 per cent lower, thus saving some $303,781.

- The embargo prevented Cuba's cardiology programme from obtaining consumables used in interventional cardiology procedures directly from the manufacturers. This represented an additional cost of $66,275 during the year.

- The United States company Gibco produces AmnioMAX, which is a culture medium for the detection of foetal congenital malformations in women over 38 years of age and is the only product known on the international market for carrying out this test. Every year, approximately 6,160 100 ml vials of it are imported for the Cuban National Center for Medical Genetics through an intermediary. If Cuba could purchase it directly, it would save $136,700.

*Just with the equivalent of the additional costs identified in the three preceding paragraphs — $506,756 — in this sector, which guarantees free access for the entire population, it would have been possible to finance the following*:

- The annual consumption of XP-Maxamaid (powder) and XP-Maxamun (powder), a product used in the special diets of children with phenylketonuria, which costs approximately $275,360.

- The average annual cost of Tracolimus 0.5 mg, 1 mg and 5 mg, an immunosuppressant given to transplant patients, calculated at $66,000.

- The purchase of materials for one triple viral vaccine campaign (measles, mumps, rubella), which requires some $156,212.

**Education**

This sector continues to suffer the impact reported in the last two reports that Cuba sent to the Secretary-General,[9] in particular relating to the supply of pencils, notebooks, paper and other learning materials and equipment needed for general use in the educational process, which amounted to only 60 per cent of what the country purchased in 1989. The deficit of materials has an estimated annual value of $3,990,000.

Obstacles continue to restrict the printing of textbooks and complementary bibliographies, with an approximate value of $3,860,000.

There continues to be a shortage of essential items in secondary schools, universities and day-care centres, such as items relating to hygiene and personal

[9] Reports of the Secretary-General of the United Nations for 2003 and 2004 (A/58/287 and A/59/302).

care, children's clothing, school uniforms and shoes and, in the case of day-care centres, essential electrical appliances such as washing machines and irons.

The impact of the embargo on care for boys and girls with special educational needs has continued to worsen. Difficulties persist in the purchase and/or repair of Braille machines for blind and visually impaired children (such machines cost up to $1,000, when they could be bought for $700 on the United States market), Braille paper and special educational equipment for those suffering from visual impairments such as strabismus or amblyopia, among others, the lack of which makes it more difficult for Cuba to maintain and develop the principle of Education for All Throughout Life.

With $3,059,600, Cuba could have met all the material shortages currently afflicting the programme of schools for children with special educational needs.

Approximately 80 per cent of the chambers for storing and freezing foodstuffs of the country's 786 secondary schools are either inactive or in very bad condition. The capital cost of repairing them would amount to approximately $9,420,000, equivalent to an annual cost of $1,884,000 over a period of five years, which the country has not been able to assume owing to the limits on resources resulting from the embargo. A similar situation prevails in the construction, maintenance and repair of schools and other educational institutions and in the availability of school furniture, with day-care centres being the most affected.

On the basis of general calculations relating to this genocidal policy's impact on the Cuban economy up until last year and the percentage of GDP that the country invests in education, had the embargo been lifted, an additional $166 million a year would have become available. This amount would be sufficient to eradicate the main shortages in the education sector, which are estimated at $60 million.

**Sport**

The sport sector has also been significantly affected by the United States embargo.

The embargo has had a very negative impact on the availability of the basic materials needed to develop the many existing physical education and athletics programmes.

The limitations and obstacles which the embargo places on our efforts to acquire the necessary balls, timers, appropriate sports footwear, and technical and educational equipment have seriously affected our ability to fully meet the objective of creating all the physical conditions necessary to take physical education to the highest possible level at all levels of education, an objective which has been identified as a priority by Cuban society and the Cuban authorities alike.

The embargo's restrictions on the acquisition, in the United States, of the raw materials needed to produce sports equipment, including types of rubber and chemical products that Cuba is unable to produce, has forced Cuba to buy such items from European and Asian countries, at an additional cost of $72,000 for freight alone.

To illustrate the embargo's impact on Cuban sport, it is enough to mention one concrete effect that this criminal policy has had on the development of baseball, Cuba's national sport. The country uses approximately 30,000 baseballs for

competitive baseball and another 30,000 at the school and youth levels. It currently costs the Cuban sports industry $0.95 to produce one baseball, as all the raw materials — two types of wool, lint cotton, glue, leather, string, ink for printing and the rubber or cork core — have to be imported from the Asian market.

If Cuba had access to the United States market, the advanced technology, high-quality raw materials and much lower freight costs that this implies would enable it to reduce production costs by 50 per cent, i.e. to around $0.45 per unit.

The embargo has badly damaged Cuba's sports industry by making it difficult to update the related technology, which, had it been developed as planned, could today provide many of the resources needed to make sport accessible to all and facilitate the activities of its top athletes.

Domestic production of footwear for baseball and football, boxing equipment such as gloves, protective headgear (the standards for which have been set by the International Boxing Association) and punching bags and other aids for combat sport training had to be suspended, as Cuba was unable to acquire the necessary raw materials.

The sporting equipment and items identified above, and many others such as javelins, poles, hurdles, specialized footwear, diving boards — all of which could be produced in Cuba or acquired in the United States at a much lower cost — are currently purchased in third countries, increasing costs by more than 50 per cent.

The embargo has also affected the planning and implementation of Cuba's development programme for top athletes, as, among other reasons, it prevents them from participating in sporting events, conventions, training courses and international forums held in the United States, as the latter either refuses to issue the corresponding visas or does not recognize invitations extended to Cuban athletes or sports organizations, as a consequence of the web of obstacles created by this policy.

The number of bilateral encounters and exchanges with top boxing, baseball, volleyball, wrestling, gymnastics and basketball teams from the United States has fallen significantly, forcing Cuba to arrange trips to Europe and other more distant countries in order for our national athletes to train and participate in practice games. This has increased the cost of the programme for top athletes significantly.

Cuba now has fewer possibilities of accessing markets in order to acquire the advanced technologies needed to train Cuban athletes, resulting in significantly higher prices.

**Transport**

The impact of the embargo in the transport sector was $182,048,000 during this period.

As an example, we may note the situation of the Havana metrobus service, whose towing units and engines, most of which are manufactured in the United States, had to be purchased through intermediaries. With the $795,642 in excess costs that were paid for the purchase of 98 towing units during the period in question, it would have been possible to buy another 62 units. With these units — along with the additional $567,978 paid owing to our inability to obtain spare parts

directly from the United States — we would have been able to increase service by 30 per cent.

The total cost of the embargo to Cuban railway services is $22,487,560. Considering that around 1.2 million American tourists could have visited us in this period and that 12 per cent of them would have travelled by train with the company FERROCUBA, which connects the capital with the rest of the country, the Cuban railway service would have earned approximately $3,409,600, which it could have used to repair some 10 locomotives belonging to the fleet that provides services to freight and passenger trains.

With respect to the impact on the national rail network, since 50 per cent of Cuban trains use locomotives that were manufactured in the United States and have been operating for over 30 years, using technology that has been discontinued and requiring spare parts that are difficult to obtain, and because of costs associated with the so-called Cuba risk, during this period Cuba was unable to transport 1,433,736 passengers and 587,194 tonnes of cargo, which is the equivalent of $19,077,960.

With the $182,048,000 identified above as the estimated impact during the year, Cuba could have met some of the following needs:

- Replace and acquire new buses for Havana's transport network, introducing 679 conventional buses and 600 articulated buses (the latter being intended to completely replace metrobuses). This would cost $181.1 million;
- Complete the unfinished sections of the Havana-Santiago de Cuba motorway, including intersections with other main roads — $160.2 million — and in Havana, replace traffic lights and pave and signpost roads, among other work — approximately $25 million.

## 2.2 Impact on other sectors of national economy

Not one sector of the Cuban economy has escaped the hardship caused by the embargo.

From 2004 to 30 April 2005, the total impact on the **civil aviation** sector amounted to $178,061,459. The total damage caused since 1960 amounts to $2,400 million.

In the reporting period, $152,234,987 in income was not received, as a result of the non-provision of airport and other services, owing to the ban on travel by United States citizens. From 1960 until April 2005, a total of $2,043,167,229 in income was not received for this reason. The additional travel bans, in force since 30 June 2004, have meant that 87 per cent of the United States aircraft that were supposed to land at our airports did not do so, resulting in a loss of $3,537,384.

In **light industry**, the impact in the form of higher prices and excess freight charges totalled $12,402,800. With that amount, it would have been possible to double the supply of the basic allowance to the population in soap and detergent, and to increase the supply of toothpaste by 48.7 per cent.

The ACINOX **Iron and Steel** Industrial Group, which imports and exports products relating to the iron and steel industry and electric conductors, loses some $12 million a year as a result of the embargo, a sum which could be used to produce more than 45,000 tonnes of corrugated bars. This could be used to build 180,000

rural dwellings a year or more than 30,000 prefabricated dwellings, benefiting 120,000 people. Likewise, with the aforementioned quantity of corrugated bars, in 10 years the country could completely repair the 200,000 dwellings currently in need of repair throughout Havana, benefiting 180,000 people.

The **oil companies** that trade with Cuba and invested in the country during 2004 spent $163 million. Of this total, 25 per cent corresponds to the additional costs that they pay for the so-called Cuba risk, parts and materials that cannot be acquired on the United States market and freight, all of which represents an additional cost of over $40 million. If they had not had to pay these additional costs, it would have been possible to reduce oil imports to Cuba by 500,000 tonnes as a result of the increase in national production.

The natural market for the **petrol** produced in Cuba is the United States. If the Cienfuegos refinery were to start production and if the embargo were lifted, Cuba could export 600,000 tonnes a year to the United States. At today's prices, this would be the equivalent of $210 million.

The United States imports an average of 130,000 tons of raw nickel per year. Because of its proximity, Cuba would be a natural supplier of nickel, and but for the embargo could be selling the United States over 30,000 tons per year, worth — at current prices — over $500 million. Meanwhile, the United States imports around 8,000 tons of cobalt per year. If it imported only 25 per cent of its annual needs from Cuba, approximately 2,000 tons, Cuba would earn over $66 million at current prices.

The Empresa Mecánica del Niquel was obliged to obtain through intermediaries computerized numerically controlled (CNC) welding and cutting equipment made by United States manufacturer Miller. Similarly, it obtained from the United States a Thermadyne Challenger cutting bench. The transactions performed through third parties cost a total of $363,500, representing an additional outlay of $54,500.

Cuban steel producer Antillana de Acero makes 80 per cent of its purchases on European markets, paying in euros and consequently losing over 25 per cent because of currency exchange costs. It uses 1,000 tons of coal per month for smelting. The coal comes from Colombia, and costs $300 per ton; if Antillana had been able to negotiate with United States manufacturer UCAR, from which it would be able to get the world's best carbide/graphite electrode, that raw material would be obtained free, because of the contract undertakings UCAR has with its purchasers.

Cuban sugar accounted for 58.2 per cent of total United States sugar imports in 1958; the estimated negative impact on the Cuban economy of losing access to the United States market was $154.1 million last year, assuming that the same market share had been maintained. The gap between the price which Cuban sugar fetched over the last year and the price which it would have fetched if sold in the United States was $249.1 per metric ton.

Between April 2004 and March 2005, losses to the tourism industry were $1,043 million. With $80 million, two five-star hotels with 500 rooms each could have been built ($25 million per hotel) and 3,000 hotel rooms which had suffered wear and tear and lack of maintenance due to lack of funds could have been renovated ($30 million, at $10,000 per room).

Annual electricity consumption associated with tourism costs around $500 million. An estimated 50-60 per cent is accounted for by air conditioning. According to calculations, the most competitive air conditioning equipment from the United States could save at least 10 per cent over equipment from other countries. If it had been possible to buy air conditioning equipment from the United States, some $30 million in annual electricity savings could have been made.

One of the most serious housing problems facing the country is the inability to source building materials from United States companies or subsidiaries, which increases construction costs by an average of 35 per cent.

In domestic trade, the embargo has increased costs by $66.8 million, mostly as a result of using middlemen for shipping and purchases. Without them, it would have been possible to buy 90,000 condenser units for locations retailing milk and meat, solving their refrigeration problems. In addition, 500,000 compressors could have been purchased to repair domestic refrigerators and thus respond to the public's needs in that area.

Restrictions in the area of culture remain. Cuban musicians have been prevented from gaining access to the United States market. On the basis of the considerable demand for performances by Cuban artistes in the United States, the Cuban company Artex could have taken in a minimum of $9 million per year. The sale of CDs, DVDs and other musical products would have brought in an income of at least $1 million.

Cuban cinematography also suffers from lack of access to major audio-visual markets in the United States, seriously harming potential sales. One example is the American Film Market, considered to hold first or second place in the list of current film fairs. Cuban cinema output cannot be offered for sale there, producing a loss of some $500,000.

United States producers and directors continue to be interested in filming in Cuba, but are banned from doing so by the embargo. Well-known producers with concrete projects regarding Cuba, and the will to take them forward, include Steven Spielberg, Steven Soderberg, Randa Haines and Danny Glover. Potential income to Cuba from the production of an average-budget United States film would be $2 million to $5 million, as a conservative estimate. If at least two such projects had come to fruition, the income of $4 million to $10 million would have been enough to film 50 feature cartoons at an average cost of $200,000, or a total of 400 short cartoons, for Cuban children.

The fact that Cuban enterprises are prevented by the embargo from using the United States dollar in international transactions caused one such enterprise — EGREM — an exchange-rate loss of $57,000 during the period under consideration.

The purchasing potential of enterprises in this sector has been significantly affected in important areas including access to the full colour range of tempera, oil and acrylic paints and materials for grounds and other purposes, as they must be obtained from Europe. The Fondo Cubano de Bienes Culturales, for example, has incurred additional costs of $19,000 through having to purchase inputs on the European market. Internationally renowned, high-quality United States suppliers, such as Windsor and Newton Gallery Acrylics, offer unit prices up to three times lower in most cases than the prices Cuba is able to obtain when buying such goods from Europe.

At the end of 2004, following a proposal from United States university publishers interested in facilitating a free exchange of views and information with Cuba, the United States Office of Foreign Assets Control (OFAC) added to its control regulations for Cuban goods a General License for publishing activities. The License would make it possible to allow United States individuals and companies to take part in publishing activities connected with Cuba and in other similar activities promoting such relations. However, its use remained subject to conditions which once again demonstrate the United States authorities' hostility to the Cuban Revolution, in clear contempt of the free flow of ideas and artistic works.

The General License in question explicitly bans transactions with the "Government of Cuba" or institutions which OFAC believes are part of it. The least that can be expected is a long and complicated process to use the licence, which will see the decades-old punitive mechanisms established by the embargo continue to have a considerable effect on Cuban publishing.

The following illustrate these effects on the operation of the Agencia Literaria de Latinoamérica:

- The Smithsonian Institution Press, based in New York City, established a project to produce a bilingual, illustrated version of *Ciudad de las Columnas*, to be launched in 2004 to mark the centenary of Cervantes-Prize-winning Cuban author Alejo Carpentier. The project was suspended indefinitely by OFAC, and has not so far been completed.

- Publication of the *Enciclopedia de la Música Cubana*, by musicologist Radamés Giró, planned by Temple University Press, one of the instigators of the General License, is also halted, as a result of the ban by the United States authorities.

For these and other reasons, the Agencia Literaria Latinoamericana has lost approximately $20,000 through cancelled publishing projects, with a similar amount outstanding and uncollected by Cuba because of the banking restrictions caused by the financial cordon placed around it.

During the period under examination, only 11 visas for cultural activities were granted for five exchange projects, out of a total of 106 applications to the United States Interests Section in Havana. This represents a substantial decline over previous years.

Negative cases that stand out are those of artist Carlos Garaicoa, who was denied a visa to attend the inauguration of a major exhibition of his work on 4 March at the Los Angeles Museum of Contemporary Art, and the artists making up the Los Carpinteros group were unable to attend the opening on 7 April of their most significant United States exhibition, at the University of South Florida Contemporary Art Museum in Tampa.

The strengthening of the embargo in the cultural field also prevented Cuban representatives from attending the American Booksellers Association BookExpo America trade fair, at which Cuba had been consistently represented since 1994. In March 2004, Cuba was prevented from being present at the first Congress of Genealogists, as the visa application received no response.

The rejection of most applications for visas to visit the United States from Cuban performers is the result of the Washington authorities' crude and offensive

political manipulation of cultural relations between the peoples of Cuba and the United States. Under the pretext for rejection, section 212 (f) of the United States Immigration and Nationality Act, Cuban artists could even be deemed "detrimental to the interests of the United States".

In the period under examination, this section has been used for dozens of Cuban artists and intellectuals, such as the famous film directors Gerardo Chijona Valdés, Fernando Pérez Valdés, Enrique Colina and Rigoberto López Pego; journalist and director Lisette Vila and musicians Carlos Varela and his band, and the Grupo Habana Sax. All are outstanding exponents of Cuban culture who have been unable to take part in shows and events in the United States.

The embargo rules have affected the investment in Cuban television's second educational channel, used for teaching and for improving the population's culture. The effect totalled $863,000 — $154,000 from extra transportation costs, and $709,000 from the excess prices which Cuba was forced to pay on third-country markets.

Lack of access to a large share of the Spanish-language market, dominated by United States monopolies and interests, caused $250,000 of lost radio and television programme exports.

The Central Bank of Cuba is experiencing the same problems it has faced in previous years using the SWIFT (Society for Worldwide Interbank Financial Telecommunication) communications network. Following the change of SWIFTNet infrastructure in 2004, problems with importing and using equipment and encryption software continued (components of the SWIFT security system are sourced from the United States). Both are needed to be able to use SWIFTNet services.

From 1 to 7 July 2004, as the only possible alternative, Cuba was obliged to connect its banks via a service bureau in Panama and to buy a shared SwiftAlliance Access licence (for concurrent use by our banks), despite having a completely redesigned proprietary interface implemented in accordance with Internet Protocol (IP) communication standards and public key infrastructure (PKI) security standards.

To be able to continue using that system, other measures were needed. As a result:

- The software created by the Central Bank of Cuba, which had been approved by SWIFT and had been used by all Cuban banks for over 12 years, could no longer be used;
- All banks connected to SWIFT had to be provided with other software, at a total cost of $181,925. Moreover, this forced them to rely on technical services from elsewhere, at an annual licence cost of $55,471.
- The services of an intermediary firm in another country were required for external connection, costing $93,900 per year.

To sum up, communications relating to various foreign operations and transactions resulted in $331,296 of direct economic costs alone to the banking system between mid-2004 and May 2005.

Short-term loans have had to be taken out in the electricity sector to modernize generating plants and electricity grids, with the aim of improving the quality of

service to consumers, because of lack of access to major international credit institutions. The loans in question amounted to some $6 million.

### 2.3 Adverse effect on academic, scientific, cultural and athletic exchanges between the peoples of Cuba and the United States

Compounding the economic impact already described is the desire of the United States Government to impede academic, scientific, cultural and sporting exchanges between the two peoples:

- Cuban institutions and writers are unable to participate in book fairs in the United States, including the Puerto Rico International Book Fair in San Juan. By not being able to participate in either of the preceding two San Juan Fairs, the country has lost income of around $15,000, with which it could have financed a run of no less than 7,000 copies of a popular edition of Cervantes' *Don Quixote*.

The participation of Cuban scientists in international scientific meetings and other similar events, some of them multilateral, is systematically impeded by the denial of entry visas to the United States. Some of the dozens of events which they were prevented from attending are enumerated below:

- XXIX Inter-American Congress of Sanitary and Environmental Engineering, San Juan, Puerto Rico, 22 to 26 August 2004;
- Scientific exchange between Harvard University and the Cuban Pedro Kourí Institute of Tropical Medicine, Boston, 1 to 10 September 2004;
- Scientific exchange on Cuba's experience in preventing chronic renal disease in primary health care, San Juan (Puerto Rico), 3 to 13 November 2004;
- One hundred and tenth annual meeting of the American Urological Association, Texas, 21 to 26 May 2005;
- Annual meeting of the American Society of Clinical Oncology, Orlando, Florida, 13 to 17 May 2005;
- All of the Cuban academicians — 64 in total — invited to take part in the XX Congress of the Latin American Studies Association (LASA), held in October 2004, in Las Vegas, were denied a visa, something that had never happened before.

Since the enactment in 2004 of the additional measures prohibiting travel to Cuba, not a single student group has been able to visit our country. The travel permit which had been issued by the Department of the Treasury to the American NGO MEDICC was withdrawn. The organization offers courses every year in Cuba for 200 students and professors in medicine, nursing and public health.

The United States Government has blocked the participation of American scientists and academics in various scientific encounters and events held in Cuba, including:

- International Conference on Maxillofacial Surgery, in June 2004. The 50 Americans who were expected were denied permission to travel to Cuba.
- Pan-American Congress of Child and Adolescent Mental Health, Havana, 30 March to 1 April 2004. A few days before the opening day, the

160 Americans who had confirmed their participation received a personal letter from OFAC, threatening them with severe penalties and forbidding them to participate. This event was sponsored by the Latin American Psychiatric Association and the American Academy of Child and Adolescent Psychiatry (AACAP).

Sport exchanges, too, have been affected by the strengthening of the embargo. The general permit for the participation of United States athletes in amateur and semi-professional competitions in Cuba, including those sponsored by an international federation, was withdrawn. There was a notable drop in participation by athletes from the United States in events held in Cuba. In 2004, the figure was 128; in the first quarter of 2005, it was only 34.

In November 2004, the disabled athletes of World Team Sports encountered difficulties participating in the Marabana marathon because their travel permit had been revoked in 2003. Some 90 American runners, who had usually taken part in the event, were prevented from doing so.

Between April 2004 and May 2005, four delegations each comprising five Cuban sporting officials were denied visas to travel to the United States, even when they were intending to participate in important Olympic Solidarity meetings and courses.

Refusal to issue Licenses and/or to lift bureaucratic and administrative barriers and obstacles to exchange programmes between United States universities and the University of Havana, and bans on travel to Cuba by students and professors from the United States, have been a permanent feature, implemented by a series of United States administrations, for over 40 years. However, they have reached irrational levels under the current administration.

In the period under consideration, six semester-long programmes for United States students at the University of Havana were cancelled. They had been coordinated by institutions including the Center for Cross-Cultural Studies, the Council on International Educational Exchange, the Institute for Study Abroad — Butler University, the School for International Training, Lexia International and the Semester at Sea cruise. Compared with the last academic year, the current 2004-2005 academic year registration for the courses coordinated by the five centres mentioned above dropped by 253; in other words, it was over 15 times lower.

More specifically, Semester at Sea worked with the University of Havana on two occasions in the 2003-2004 academic year, with 1,322 students and professors involved in the programme. Because the programme has been cancelled, no students or professors associated with it have been able to travel to Cuba during the current academic year.

A greater impact has been made by the losses incurred by the University of Havana because of research projects which have been cancelled or never started, despite interest in the United States. The following are examples:

- A young Cuban scientist at the Biology Faculty competed for, and won, approval from Harvard University for a molecular biology project on the development of vaccine adjuvants of an estimated value of $20,000. The start of this project has been delayed three years, and formalities for it are still in

dispute. If it were to proceed, it would be useful for the production of a number of vaccines which would of course have benefits beyond Cuba.

- The Centre for International Migration Studies has had six research and academic exchange projects halted. They related to various identity and migration issues, and involved institutions including the City University of New York (CUNY), the Universities of South Florida and Gainesville.
- The faculty of law's academic exchange project with the US/Cuba Legal Forum, relating to the Cuban and United States legal systems, was cancelled.
- Joint research projects on human rights, constitutional law and criminal law with the National Lawyers Guild, Yale University, the University of California and the US/Cuba Legal Forum were cancelled.
- The project between the Centro de Salud y Bienestar Humano and Tulane University on spatial inequality was cancelled.

## 3. SOME EFFECTS OF THE EMBARGO ON THE UNITED STATES ECONOMY AND ITS PEOPLE AND ON OTHER PEOPLES OF THE WORLD

The embargo policy is also harmful to citizens of the United States and third countries.[10]

Ending the embargo could generate 100,000 jobs and additional income of $6 billion for the United States economy, according to a study submitted by the Director of the Center for Business and Economic Research at the University of South Alabama.

According to another study done in 2000 by the World Policy Institute of New York, the unrestricted sale of food and medicines to Cuba could, in and of itself, generate $1.6 billion annually — nearly four times the current amount of Cuban food purchases is in the United States — and 20,000 additional jobs for the United States economy.[11]

According to studies by United States institutions, the United States economy loses up to $1,240 million in farm exports and up to $3,600 million in other economic activities annually as a result of the embargo against Cuba.[12]

Estimates done in 2001 by the United States International Trade Commission indicated that United States exports to Cuba fluctuated between 658 million and 1,200 million annually.

According to other research done in 2004 by Tim Lynch, Necati Aydin and Julie Harrington of the State University of Florida, 10 years after the lifting of the embargo, exports to the island would be between $6 billion and $9,470 million annually, with a net export potential or bilateral trade surplus of $3.6 billion in favour of the United States.

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[11] Dr. Stern, Paula, "The Impact on the U.S. Economy of Lifting the Food and Medical Embargo on Cuba", World Policy Institute, 2000, in http://www.worldpolicy.org/projects/uscuba/index.html.

[12] "Economic Impacts of U.S. Agricultural Exports to Cuba", C. Parr Rosson and Flynn Adcock, professors of A&M Texas University, Cuba Policy Foundation, 28 January 2002. http://www.cubafoundation.org/pdf/CPF-Release-AgStudy-0202.28.htm.

Despite the bans on travel to Cuba, subscribers to New York Travel & Leisure Magazine selected Cuba as the best island in the Caribbean National Geography Traveler Destination Scoreboard reported that, after surveying 200 sustainable tourism experts, historic downtown Havana was chosen among the best 115 places in the world. According to a survey carried out in April 2001 by the Cuba Policy Foundation, 66.8 per cent of Americans felt that they should be allowed to travel to Cuba.

According to the findings of a 2003 study by the Brattle Group, an additional 289,000 Cubans residing in the United States would visit Cuba every year and an additional 2.8 million Americans (2.72 million more than the 2003 figure) would visit if the embargo were lifted. In all, an estimated 3.01 million more persons from the United States would travel to Cuba every year.[13]

Estimates indicate that the lifting of the restrictions on travel to Cuba would in and of itself spur an annual growth/increase in income for the United States economy of between $1,180 million and $1,610 million. Such expansion would create between 16,888 and 23,020 new jobs.[14]

Other projects that there would be 4 million visitors to Cuba from the United States in the first year after the embargo was lifted. The most conservative estimates were that 1.5 million persons would arrive in Cuba from the United States in the third year after the restriction on travel was lifted. On the basis of the latter estimate, it is believed that the elimination of travel restrictions alone would yield an annual increase of between $126 million and $252 million over current levels in sales of United States farm products to Cuba.[15]

Total losses for United States companies for every million American tourists who are unable to visit Cuba amounted to $565 million, which breaks down as follows:

| | *Millions of dollars* |
|---|---|
| Airlines | 300 |
| Travel agents and tour operators | 160 |
| Cuban imports of food and beverages | 45 |
| Other Cuban imports | 30 |
| Advertising agencies and press | 30 |

In travel-related benefits alone, a complete lifting of the embargo would bring the United States economy some $545.6 million and create 3,797 jobs after one year.

[13] Executive summary of the study entitled "The impact on the U.S. economy of lifting restrictions on travel to Cuba", carried out by the Brattle Group for the Center for International Policy in Washington, D.C.

[14] Idem.

[15] Study by Parr Rosson of Texas A&M University, quoted in the Cuba Policy Foundation newsletter of 5 February 2003.

Five years after the embargo was lifted, the United States economy would receive additional benefits of $1,972 million and 12,180 jobs would have been created.[16]

The lifting of the embargo would generate annual revenue of $2 billion to $3 billion for United States energy companies, according to a December 2001 study done by distinguished American economists in that sector.[17]

In their work, they demonstrated that the embargo poses insurmountable obstacles to harnessing the significant potential for cooperation between Cuba and the United States in the field of energy, limit the options for strengthening the energy security of the United States and diversifying the Florida energy supply and reduce alternatives for easing a predictable shortfall in the local refinancing capacity of the United States. They also pointed out that Cuban waters could be a rich source of natural gas that could potentially be exported to Florida by a gas pipeline, and that, if Cuba supplied 2 million tons of gas to Florida annually, it would create a business opportunity for the United States worth $300 million every year. They added that Cuban gas could be economically converted into liquid products such as gasoline or diesel fuel through the construction of a conversion plant.

As a result of that research, United States economists concluded that, if the energy demand increased by 4 per cent every year, Cuba would have to install facilities to generate an additional 478 megawatts by the year 2015 and that gasoline refining capacity would have to be increased by at least 30,000 to 38,000 barrels per day.

As indicated, the recent OFAC reinterpretation of the concept of Cuba's obligation to pay in advance for food purchases on the United States market has had considerable negative consequences.

From 2001 to March 2005, the Cuban authorities paid for United States farm products within a 72-hour period from the time they were shipped, or on their arrival in Cuba.[18]

In 2005, Cuba will import between 750,000 and 800,000 tons of rice; those purchases could reach 1 million tons in a short time. By acquiring only 100,000 tons from the United States, the island would become the third largest importer of rice on the American market. If there were normal trading between the two countries, and without cutting off its other suppliers of rice, Cuba could acquire between 500,000 and 700,000 tons of rice annually from American growers to become the first or second largest importer of rice from the United States.[19]

Cuba will buy around $1.7 billion worth of agricultural foodstuffs this year and was prepared to increase its purchases from the United States significantly. If there were no current restrictions on trade, the country could have imported between

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[16] "Economic Benefits to the United States from Lifting the Ban on Travel to Cuba", Ed Sanders and Patrick Long, University of Colorado at Boulder, Cuba Policy Foundation, 25 June 2002. http://www.cubafoundation.org/Releases/Study%20Shows%20Cuba%20Travel%20GOOD%20for%20U.S.%20Economy%20-%200206.25.htm.

[17] "The Potential for the U.S. Energy Sector in Cuba", by Amy Myers Jaffe, chief energy consultant at the James A. Baker III Institute for Public Policy at Rice University and Ronald Soligo, Professor of Economics at Rice University, published on 17 December 2001 by the Cuba Policy Foundation.

[18] In *Juventud Rebelde*, 24 June 2005.

[19] Statements by Pedro Alvarez, President of ALIMPORT, in *Granma Internacional*, 24 June 2005.

$700 million and $800 million in American foodstuffs. That would be twice the amount of purchases made in the past year, which were on the order of $450 million.[20]

As a result of the actions recently undertaken by OFAC, the American Apple Growers Association is predicting that apple exports to Cuba will go down by at least 30 per cent after the summer harvest. The state of Virginia is already exporting around 80 per cent of its apples to Cuba. Powdered skim milk shipments by the dairy company Dairy America, to the Cuban market are now more costly and slower owing to the new OFAC provisions imposing additional charges of some $3,000 on every 1,000-ton shipment.[21]

The ban on participation by Cuban institutions in clinical tests on medicines manufactured in the United States is also having a direct impact on the American people and those of other countries. For example, Americans who designed the tests for a medicine to treat sickle cell anaemia estimated that, with Cuban participation, the medicine could have been put on the market at least one year earlier, as the tests would have benefited from the existence in Cuba of a national register of sickle cell patients, which does not exist in the United States.[22]

The adverse effects of the embargo on Cuban biotechnology have also been indirectly harmful to health in developing countries. With a total of 29 projects, Cuba has developed more preventive and therapeutic vaccine projects against third world diseases than any other country in the world.

Out of more than 100 projects from all over the world, the American organization Paediatric Dengue Vaccine Initiative (PDVI) and the National Vaccine Institute (IVD) of the Republic of Korea selected one from the Centre for Genetic and Biotechnological Engineering of Cuba, because of its substantial prospects for obtaining a vaccine against dengue, a disease affecting many developing countries. Financing was granted to the other 12 projects chosen, but Cuba was overlooked as a result of the embargo.

In 2002, heart attacks were the leading cause of death in the country — 240.8 deaths per 100,000 inhabitants. At 56.2 deaths per 100,000 inhabitants, cerebro-vascular strokes were the third leading cause of death.

According to the editors of the *Harvard International Review*, Ryan Bradley and Edy Rim, an independent evaluation by the University of Geneva endorsed the

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[20] Idem.

[21] "Congreso de EE.UU. debe lograr vías más expeditas al comercio con Cuba" (The United States Congress must find faster ways of making shipments to Cuba") in *Granma Internacional*, 24 June 2005.

[22] Statement by Dr. Peter G. Bourne, Chairman of the Board of Medical Education Cooperation with Cuba (MEDICC) to the National Summit on Cuba, Tampa, Florida, 8 October 2004, quoted by Gail Reed in MEDICC, National Summit on Cuba: Embargo Harms US People, Too. Bourne was a health consultant to President Carter and to the Under-Secretary-General of the United Nations from 1979 to 1981. http://medicc.org/medicc review/1104/pages/headlines in Cuban health.html#top.

new Cuban drug PPG (ateromixol or policosanol), created in 1991, as the best anti-cholesterol drug available.[23]

A scientific article entitled "Meta-Analysis of Natural Therapies for Hyperlipidemia: Plant Sterols and Stanols Versus Policosanol", published in *Pharmacotherapy* in 2005, reports that plant stanols and sterols, available in the United States, are well tolerated and safe, but that policosanol (PPG) is more effective than the others in reducing LDL cholesterol (bad cholesterol) and is much better for the patient, because the dosage is only one tablet a day, it is much cheaper and it has greater potential for cardiovascular benefits.

If it were not for the embargo, it might have been possible to save the lives of thousands, and maybe even hundreds of thousands, of United States citizens suffering from the physical effects and other limitations of not being treated, for absurd political reasons, with PPG, the most effective and cheapest anti-cholesterol medication available, which is patented in Cuba.

As for cancer, since 1970, lung cancer causes more deaths in the United States than any other type of cancer. The number of deaths caused by cancer increases by 560,000 persons every year. Every year, there are 1,250,000 new cases of cancer, and lung cancer alone causes the deaths of approximately 166,000 persons. One out of every three American women and one out of every two American men alive today will have some form of cancer in the course of their lives.

After more than 30 years of programmes and spending more than $230 billion, the United States battle against cancer has little to show for its efforts. If it were not for the embargo, Cuban biotechnology institutions working on various advanced research projects, such as therapeutic vaccines against various types of cancer (10 projects in all) or monoclonal antibodies patented for early cancer detection, could be helpful in dealing with this serious illness, among other things.

## CONCLUSIONS

- According to tentative and conservative calculations, the direct economic damage suffered by the Cuban people owing to the application of the embargo exceeds $82 billion, an average of $1,782 million per year. This figure does not include the more than $54 billion in direct damage caused to the country's economic and social structures by the acts of sabotage and terrorist activities encouraged, organized and financed by the United States, nor the value of items whose production ceased or the damage resulting from the onerous conditions imposed on Cuba for obtaining credits. This year the amount of the damage exceeded $2,764 million.

- In its second term, the administration of President George W. Bush is continuing to escalate to unprecedented levels its aggressive embargo policy against the Cuban people, in open contempt of the principles of the Charter of the United Nations and of international law, of freedom of trade and navigation and of the repeated and virtually unanimous desire of the international

[23] R. Bradley and E. Rim, "Loosening the Reins: Autonomy Boosts Cuban Medical Industry". In *Harvard International Review*, Fall 1994, p. 66 quoted by "Denial of Food and Medicine: THE IMPACT OF THE U.S. EMBARGO ON HEALTH & NUTRITION IN CUBA, A Report from the American Association for World Health, March 1997.

community that this genocidal policy should cease, as expressed in successive resolutions adopted by the General Assembly.

- The implementation of the embargo not only has grave effects on the Cuban people; it also harms the interests and rights of the people of the United States and of other countries in the world. The past year was characterized by an intensification of the extraterritorial effects of the embargo, whereby the regulations, penalties and threats against citizens and foreign companies were made stricter and more fierce.

- The Cuban people will not renounce their independence, their sovereignty and their right to self-determination. This resolve has made it possible, despite the embargo, to build a society that is increasingly just, equitable and educated, in solidarity with other peoples from countries around the world, including the United States.

- Cuba knows that it will be able to continue to count on the support of the international community in defence of its just call for an end to the economic, commercial and financial embargo imposed by the Government of the United States against the Cuban people.